MINISTRY OF ENVIRONMENT

FISH AND WILDLIFE DEVELOPMENT FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

Provincial Auditor Saskatchewan

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INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Fish and Wildlife Development Fund, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fish and Wildlife Development Fund as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 4, 2011

Bonnie Lysyk, MBA, CA
Provincial Auditor

Statement 1

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2011	2010
ASSETS		
Current assets		
Due from General Revenue Fund (Note 4)	$ 1,030,834	$ 1,349,199
Internally restricted cash (Note 7)	2,031,702	2,019,520
Accounts receivable (Notes 5 & 9)	208,082	209,475
	3,270,618	3,578,194
Capital assets (Note 6)	18,947,169	18,488,965
	$ 22,217,787	**$ 22,067,159**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	$ 417,286	$ 485,874
Payable for land purchases (Note 13)	163,751	71,385
Unearned Revenue	14,280	14,203
	595,317	571,462
Net assets		
Net assets invested in capital assets	18,947,169	18,488,965
Internally restricted net assets (Note 7)	2,000,000	2,000,000
Unrestricted net assets	675,301	1,006,732
	21,622,470	21,495,697
	$ 22,217,787	**$ 22,067,159**

Commitments (Note 8)

See accompanying notes to financial statements.

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2011		2010
	Budget (Note 10)	Actual	Actual
Revenues:			
Transfers from General Revenue Fund			
Sale of licenses (Note 5)	$ 3,700,000	$ 3,654,896	$ 3,694,369
Field permits and leases	135,000	126,657	133,527
Interest	65,000	24,158	13,538
Other revenue	30,000	14,065	26,393
	3,930,000	3,819,776	3,867,827
Expenses:			
Fish enhancement projects (Schedule 1)	1,950,000	2,128,936	1,970,623
Wildlife habitat projects (Schedule 1)	1,700,000	1,322,072	1,421,045
Municipal habitat projects (Schedule 1)	250,000	241,995	238,866
	3,900,000	3,693,003	3,630,534
Excess (deficiency) of revenues over expenses (Statement 3)	$ 30,000	$ 126,773	$ 237,293

See accompanying notes to financial statements.

Statement 3

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31

	2011				2010
	Invested in Capital Assets	Internally Restricted	Unrestricted	Total	Total
Balance, beginning of year	$ 18,488,965	$ 2,000,000	$ 1,006,732	$ 21,495,697	$ 21,258,404
Excess (deficiency) of revenues over expenses (Statement 2)	(47,725)	—	174,498	126,773	237,293
Net investment in capital assets	505,929	—	(505,929)	---	---
Balance, end of year (Statement 1)	**$ 18,947,169**	**$ 2,000,000**	**$ 675,301**	**$ 21,622,470**	$ 21,495,697

See accompanying notes to financial statements.

FISH AND WILDLIFE DEVELOPMENT FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2011	2010
Cash flows (used in) from operating activities:		
Receipts from General Revenue Fund	$ 3,743,035	$ 3,828,722
Receipts from sale of field permits, leases, and other	60,317	159,477
Interest received	17,816	14,480
Grant payments	(1,845,485)	(1,913,205)
Payments to municipalities	(251,053)	(236,105)
Payments to suppliers and employees	(1,617,250)	(1,358,424)
Cash flows from operating activities	107,380	494,945
Cash flows used in investing activities:		
Purchase of capital assets	(413,563)	(200,654)
Cash flows used in investing activities:	(413,563)	(200,654)
Net (decrease) increase in cash	(306,183)	294,291
Due from General Revenue Fund and internally restricted cash, beginning of year	3,368,719	3,074,428
Due from General Revenue Fund and internally restricted cash, end of year	$ 3,062,536	$ 3,368,719

See accompanying notes to financial statements.

Schedule 1

SCHEDULE OF EXPENSES

For the Year Ended March 31

	Fish Enhancement Projects		Wildlife Habitat Projects		Municipal Habitat Projects		2011 Total		2010 Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget (Note 10)	Actual	Budget	Actual
Salaries	$ 700,000	$ 659,094	$ 350,000	$ 328,133	$ —	$ —	$ 1,050,000	$ 987,227	$ 1,150,000	$ 980,656
Contractual services	110,000	52,175	60,000	306,492	—	—	170,000	358,667	175,000	155,898
Supplies and materials	60,000	65,689	20,000	4,301	—	—	80,000	69,990	115,000	46,327
Grants (Note 12)	891,000	1,121,077	1,238,000	683,448	250,000	241,993	2,379,000	2,026,518	2,470,000	2,275,383
Central Vehicle Agency Rentals	60,000	76,540	20,000	7,726	—	—	80,000	84,266	55,000	66,410
Travel expenses	20,000	28,698	8,000	8,196	—	—	28,000	36,894	65,000	27,534
Utilities	80,000	71,782	—	—	—	—	80,000	71,782	86,000	70,722
Amortization	19,000	39,001	1,000	—	—	—	20,000	39,001	21,000	17,085
Telephone	10,000	7,828	3,000	2,096	—	—	13,000	9,924	23,000	10,469
Communications	—	—	—	—	—	—	—	—	10,000	—
Other expenses	—	7,052	—	1,680	—	2	—	8,734	—	50
TOTAL	$ 1,950,000	$ 2,128,936	$ 1,700,000	$ 1,322,072	$ 250,000	$ 241,995	$ 3,900,000	$ 3,693,003	$ 4,170,000	$ 3,630,534

FISH AND WILDLIFE DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2011

1. Purpose of the Fund

The Fish and Wildlife Development Fund (Fund) operates under the authority of Section 20 of *The Natural Resources Act*. The Fund was established for the purposes of preventing the reduction of wildlife habitat and wildlife population in the agricultural area of the province and for fish enhancement projects intended to prevent the loss of fish or fish habitat. The Ministry of Environment administers the Fund.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Fund is classified as a government not-for-profit organization. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to not-for-profit entities and include the following significant accounting policies:

a) Revenue Recognition

The Fund follows the deferral method of accounting for contributions. Any restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

The transfer from the General Revenue Fund (GRF) related to certain hunting and fishing licences is recognized when licenses are issued. Transfers from the GRF for any other purpose are recognized when received or receivable.

Field permit and lease revenue is recognized when the permit is issued or the lease payment is due.

b) Grant Expenses

Grants are expensed when approved and the recipient has met eligibility criteria.

c) Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Amortization commences in the year of acquisition and is provided on a straight-line basis over the asset's estimated useful life. Leasehold improvements are being amortized over an 8 year expected life; equipment and vehicles are being amortized over a 10-20 year expected life. It is assumed that these assets will have no value at the end of their expected life. During 2010-11 any assets with a cost of less than $10,000 were written-off which is consistent with Government policy on capital asset thresholds.

Purchased land is recorded at cost. Donated land is recorded at fair value at the date of contribution as a direct increase in net assets.

The Fund made agreements with other conservation agencies for the joint acquisition of land for wildlife related purposes. The Fund records jointly owned land at cost as determined by the land purchase agreement.

d) Use of Estimates

These statements are prepared in conformity with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates are required to determine the amortization of equipment and building improvements, accounts payable and accrued liabilities, sales of licences and allowance for expected uncollectible accounts receivable. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

e) Financial Instruments

Accounting standards require that, all financial assets and financial liabilities must be identified and classified. This classification determines how each financial instrument is measured.

All financial instruments are initially recorded on the Statement of Financial Position at fair value. They are subsequently valued at fair market value or amortized cost depending on the classification selected for the financial instrument.

Financial assets are classified as either "held-for-trading", "held-to-maturity", "available-for-sale" or "loans and receivables" and financial liabilities are classified as either "held-for-trading" or "other liabilities".

The Fund's financial instruments and their classification are as follows:

(i) Due from General Revenue Fund and internally restricted cash are classified as held-for-trading, and are measured at fair value. Changes in fair value are recognized immediately in the Statement of Operations.
(ii) Accounts receivable are classified as loans and receivables, and are measured at amortized cost.
(iii) Accounts payable and accrued liabilities, and payable for land purchases are classified as other liabilities, and are measured at amortized cost.

Due to their immediate or short-term maturity, the amortized cost of these instruments approximates their value. The Ministry has reviewed the Fund's contracts for derivatives and there are none. Derivatives are required to be treated as held-for-trading.

3. Changes in Accounting Policies

In September 2010, the Public Sector Accounting Board approved an amendment to the introduction to the Public Sector Accounting Handbook. Effective for fiscal years beginning on or after January 1, 2012, government not for profit organizations are directed to use either the public sector accounting standards or public sector accounting standards for government not for profit organizations. The Fund is currently assessing the appropriateness and potential impact of the change in accounting standards on its financial statements for the year ending March 31, 2012.

4. Due from the General Revenue Fund

This is due from the General Revenue Fund (GRF). The Fund's money is on deposit with the GRF and in a bank account included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Fund's earned interest is calculated and paid by the GRF on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty day borrowing rate for 2011 is 0.80% (2010 – 0.27%).

5. Revenue - General Revenue Fund

The Fund receives an annual transfer from the GRF, as established by Order in Council 526/95, equivalent to 30% of certain hunting and fishing licence fees collected by the Ministry. A receivable is recorded for the portion of the licences issued before the year-end for which fees have not yet been received. Included in accounts receivable at March 31, 2011 is $118,211 (2010 - $206,350) receivable from the GRF related to these licenses which $55,324 is an estimate recorded for licence fees not reported by vendors.

The Fund has interest receivable of $3,032 (2010 - $656) from the General Revenue Fund, and a $14,092 (2010 - $13,216) receivable for leases and permits for which an allowance has been set up for $ 12,001 (2010 - $12, 041). Most of the licence revenue and receivables were received shortly after year end.

6. Capital Assets

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 14,551,382	---	14,551,382	$ 14,510,684
Land – joint ownership	4,259,830	---	4,259,830	3,810,187
Leasehold improvements	116,592	43,722	72,870	105,419
Equipment, Vehicles and Computer software	236,861	173,774	63,087	62,675
	$ 19,164,665	217,496	18,947,169	$ 18,488,965

7. Internally Restricted Net Assets

Internally restricted net assets were established to compensate rural municipalities for taxes foregone on lands acquired by the Fund for wildlife habitat conservation purposes. The interest earned on this $2,000,000 is unrestricted and is used to assist in paying rural municipalities grants in lieu of taxes on the Fund's lands located within their boundaries.

8. Commitments

The Fund is committed to carry out certain wildlife habitat and fish enhancement projects totalling $640,000 in 2012 and $610,000 in 2013.

9. Financial Instrument Risks

The Fund is exposed to credit risk from the potential default of customers. However, the majority of the Fund's receivables are from other government agencies and reputable long-term corporate clients. Therefore, the credit risk is minimal.

The Fund is subject to interest rate risk with respect to revenue. To manage these risks, the Fund regularly monitors market conditions and interest rate trends.

10. Budget

The Budget for the Fund is included with the Ministry's budget submission to Treasury Board. Treasury Board approves the Fund's budget annually.

11. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly owns or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. These transactions are as follows:

	2011	2010
Expenses:		
Business expense	$ 432	$ 456
Contractual services	5,373	661
Supplies and materials	205	239
Grants	864,400	828,000
Central Vehicle Agency rentals	84,267	66,410
Utilities	71,647	70,722
Telephone	7,855	7,545

Included in accounts payable is $20,409 (2010 - $213,375) owing to related parties.

The Fund pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, and certain administrative costs. These costs have been absorbed by various ministerial appropriations and, therefore, no provision for such costs is reflected in these financial statements.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes.

12. Grants

Wildlife Habitat Conservative Easements - The Fund made agreements with other conservation agencies for the purpose of securing wildlife habitat through the purchase of conservation easements. Under these agreements, the Fund contributes a portion of the costs to acquire these easements upon the registration of the easement with the relevant land titles office. The conservation agencies made separate agreements with landowners for the purchase of these easements. The Fund is not party to the agreements with the landowners for these conservation easements. Accordingly, the Fund has not recorded these costs as capital assets. The Fund's share of these costs for the year amounting to $85,017 (2010 - $343,194) have been expensed in the Statement of Operations.

Municipal Habitat Grants in Lieu of Taxes of $241,993 (2010 – $238,856) was paid to rural municipalities in lieu of taxes previously received on the Fund's lands located within their boundaries.

13. Payable for Land Purchases

At March 31, 2011, the Fund owes a total of $163,751 (2010 - $71,385) for land purchases. Possession of the land took place on or before March 31, 2011 and payment is to be made subsequent to year end.

14. Capital Disclosures

The Fund's objective in managing capital is to ensure sufficient liquidity to meet its monthly operating requirements and undertake program initiatives for the benefit of its stakeholders, while at the same time taking a conservative approach towards management of financial risk. The Fund's capital is comprised of its net assets. Internal restrictions exist within net assets to compensate rural municipalities for taxes foregone on lands acquired by the Fund. The Fund's primary use of capital is to finance capital expenditures, future projects, and ongoing operations. The Fund currently funds these requirements out of its internally generated cash flows. The Fund is not subject to any externally imposed capital requirements.

15. Comparative Figures

Certain prior year balances have been reclassified to conform with the current year's financial statement presentation.